

AMERICAN JOBS CREATION ACT OF 2004 **BACKGROUND**

The *American Jobs Creation Act of 2004* was passed after more than two years of struggling to reach agreement on its main provision, the repeal of the tax subsidies for U.S. companies that export products abroad. The World Trade Organization had ruled the subsidies to be illegal and began charging penalties on U.S. exports.

The law, which President Bush signed on October 22, 2004, repealed the subsidies and replaced them with tax breaks for U.S. companies. The bill also became the vehicle for many unrelated tax provisions. The result is a 650-page law with more than 270 changes to the tax code. Though the major impact of the law is on big corporations, this 2004 legislation will have a significant effect on small businesses, farmers, real estate investors, and individual taxpayers. Here is an overview of the law's major provisions.